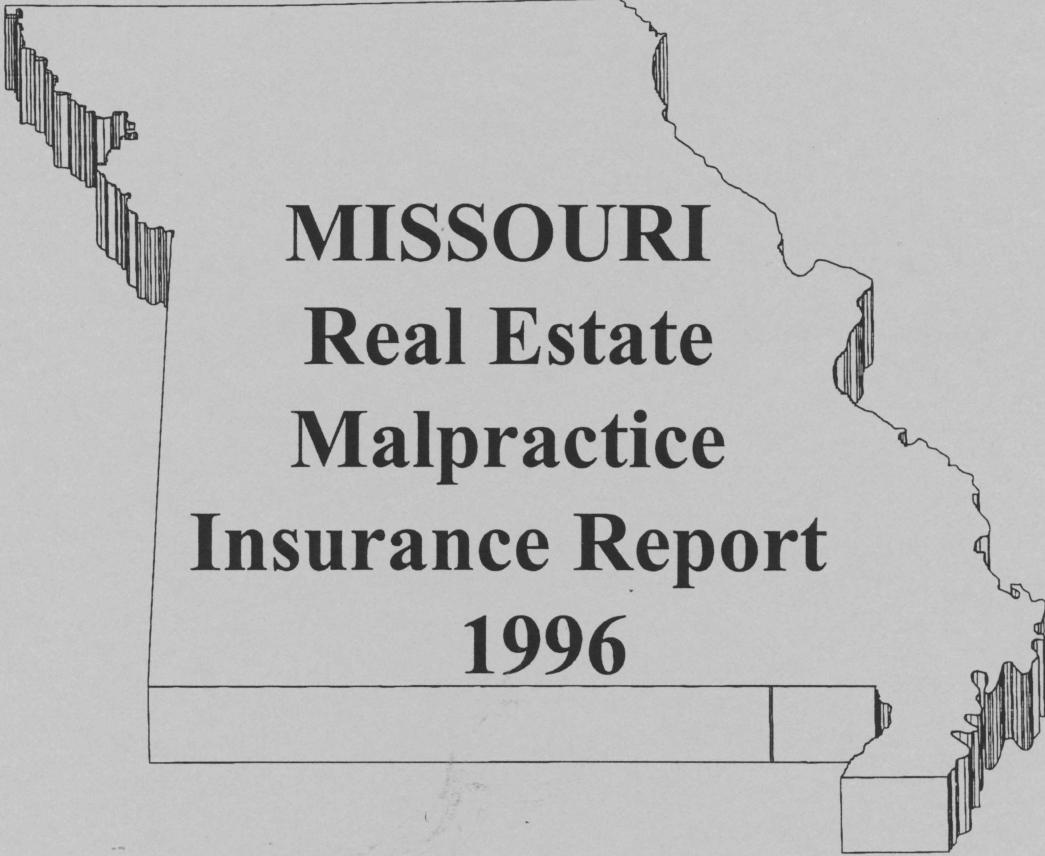


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**MISSOURI
Real Estate
Malpractice
Insurance Report
1996**



Missouri Department of Insurance
Statistics Section
October 1997

**MISSOURI
REAL ESTATE
MALPRACTICE
INSURANCE
REPORT
1996**

**Missouri Department of Insurance
Statistics Section
October 1997**

Other Publications Available

The Missouri Department of Insurance publishes the following statistical reports. These reports are available by sending a written request along with the payment of \$35 to the Missouri Department of Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

Missouri Department of Insurance Annual Report
Missouri Medical Malpractice (Closed Claim) Report
Missouri Legal Malpractice (Closed Claim) Report
 Missouri Market Share Report
Missouri Products Liability (Closed Claim) Report
Missouri Health Maintenance Organization Report
 Missouri Complaint Index Report
Missouri Life, Accident & Health Supplement Report
 Missouri Commercial Liability Report
 Missouri Mortgage Guaranty Report
 Missouri Uninsured Auto Report

Databases Available

*Medicare Supplement Experience Data
Property & Casualty Supplemental Data*

*Missouri Zip Code Insurance Data for Homeowners/Dwelling Fire,
Farmowners (dwelling only), Mobile Home, Earthquake and Private Passenger Automobile*

Some data is available to the public for a fee by special request only. For additional information, contact the Statistics Section at 573/751-4126.

Real Estate Malpractice Insurance Report

Executive Summary

This report is a summary of Missouri real estate malpractice data for the years 1987 to 1996. The charts, graphs and tables, limited to closed claim information, were constructed from data collected by the Missouri Department of Insurance as required by Section 383.060 RSMo. The premium and loss data obtained from the Missouri Page 15 Supplement, to the companies' annual statements is presented in the final section.

The loss ratio for real estate malpractice in Missouri during 1996 was 42 percent, compared to 32 percent in 1995, and a record high of 58.3 percent in 1994. Forty-two claims were closed in 1996, compared to a high of 92 in 1988. Only eight (19 percent) claims were paid with an average paid amount of \$5,419, in contrast to the record \$15,962 in 1994. The average paid amount decreased 51 percent from 1995.

From 1987 to 1996, 538 real estate malpractice claims were closed in Missouri: 164 (31 percent) with payment, and 374 (69 percent) without payment.

In 1996 the average loss adjustment expense for all claims closed with payment was \$9,024 while the expenses for all claims closed without payment averaged only \$2,123.

In Section II, indemnities paid on closed claims are shown by various claim characteristics. The number of closed claims, average paid claim and total amount paid are included in each of these six categories:

- Area of real estate in which the claims were filed.
- Major activity in which the agent was engaged at the time the alleged error or omission occurred.
- Alleged error or omission which was the most significant reason for making the claim.

- The legal disposition of the claim at the closing date.
- The number of years the insured had been in practice at the time of the alleged error or omission.
- The relationship of the insured to the claimant.

Only 11 companies reported writing real estate malpractice insurance business in Missouri during 1996. The three top writers of real estate malpractice insurance in Missouri maintain over 90 percent of the market: Continental Casualty Company with 62 percent, Employers Reinsurance Corporation with 20 percent and Travelers Indemnity Company with 10 percent.

This report was compiled using information submitted by the insurance companies. As a result, the accuracy of this report is dependent upon the accuracy of each company's data. Copies of this report will be made available in braille, large print or on audio cassette upon request. Any questions regarding this report should be addressed to the Statistics Section, Missouri Department of Insurance, P.O. Box 690, Jefferson City, Missouri 65102-0690.

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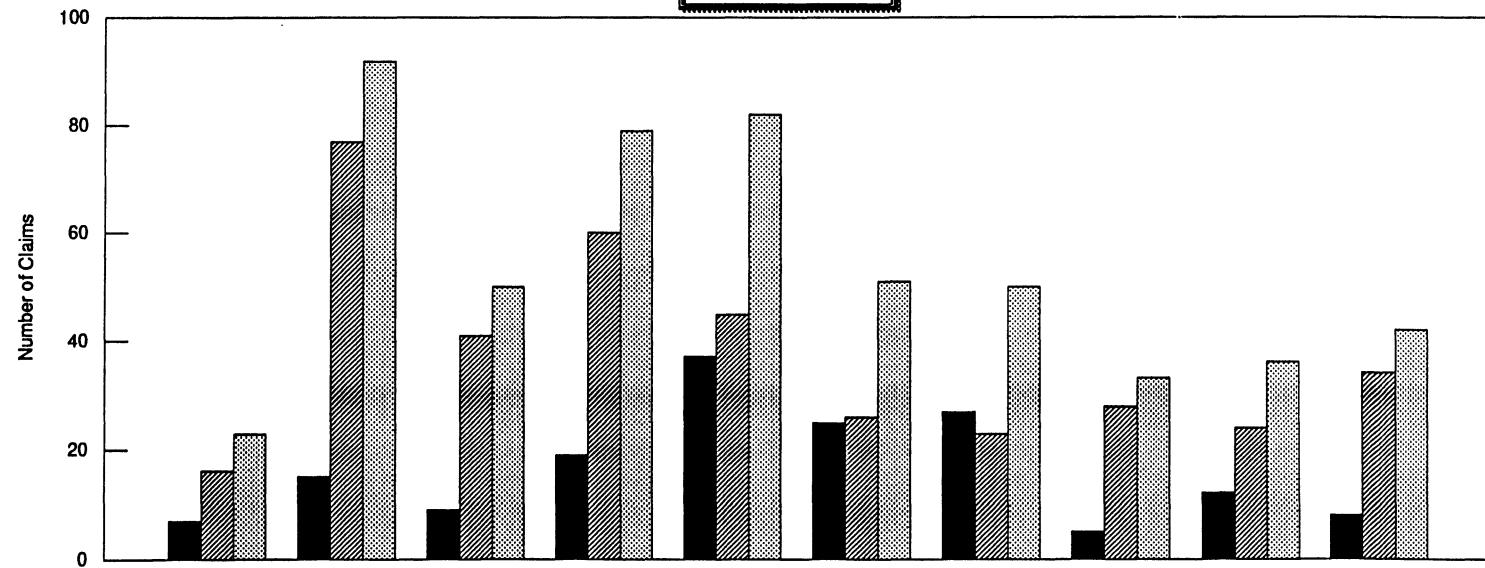
**TEN YEAR
SUMMARY
(1987-1996)**

REAL ESTATE MALPRACTICE EXPERIENCE
TEN YEAR SUMMARY
(1987 - 1996)

Closed Claims	Number of Claims	Percent of Claims	INDEMNITY PAID		LOSS EXPENSES	
			Total Claims Paid	Average Claim Paid	Total Expenses Paid	Average Expense Paid
All Closed Claims	538	100.0%	1,317,422	2,449	1,376,636	2,559
Closed with Payment	164	30.5%	1,317,422	8,033	918,996	5,604
Closed without Payment	374	69.5%	0	0	457,640	1,224

MISSOURI REAL ESTATE MALPRACTICE INSURANCE

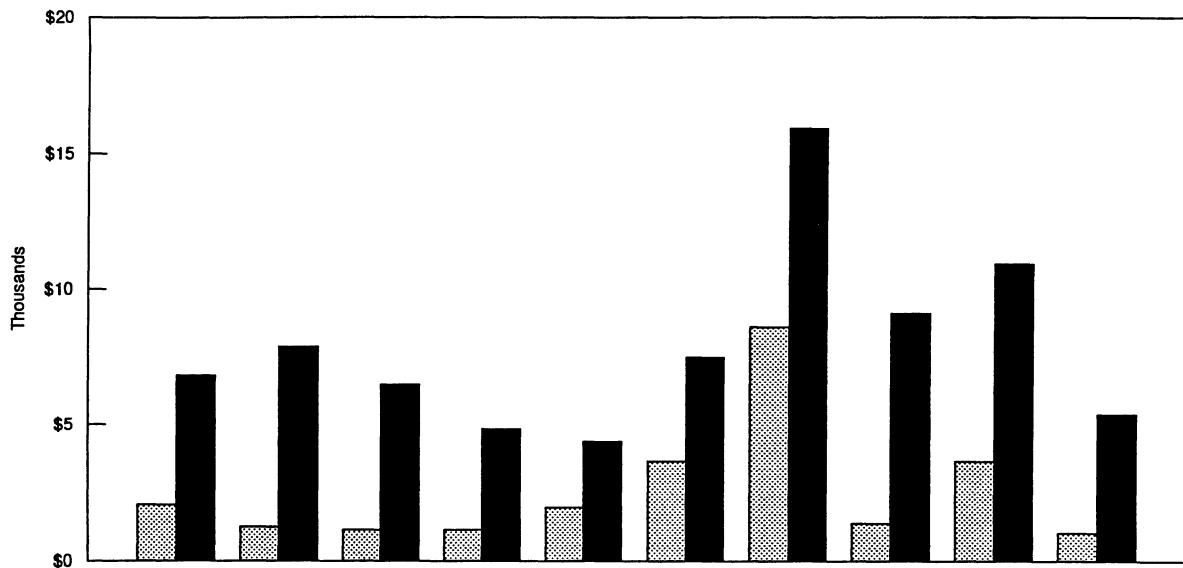
CLAIM COUNT
1987 - 1996



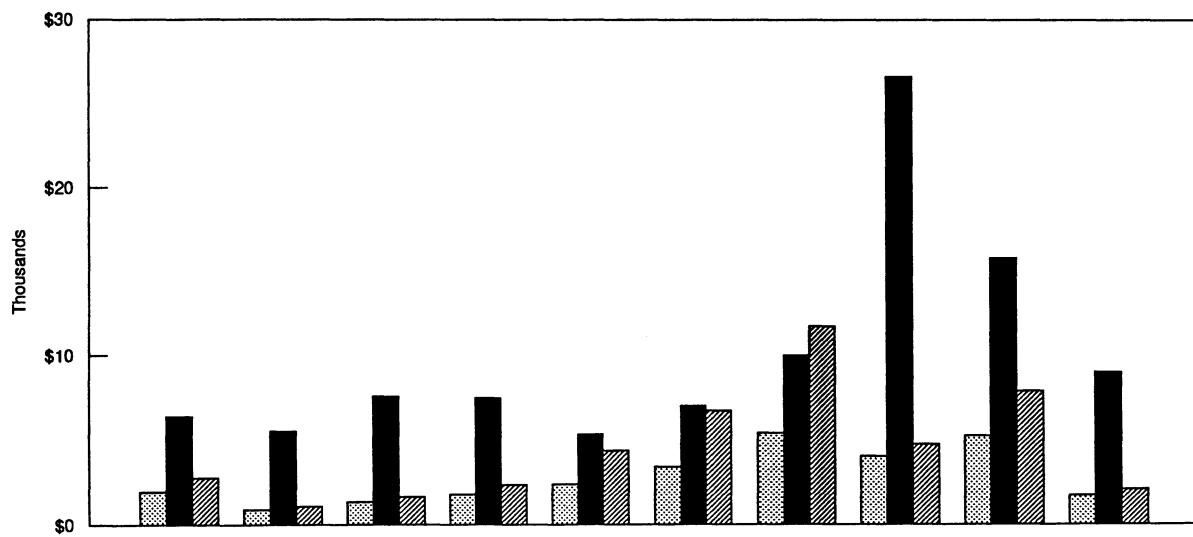
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
CLOSED WITH PAYMENT	7	15	9	19	37	25	27	5	12	8
CLOSED WITHOUT PAYMENT	16	77	41	60	45	26	23	28	24	34
TOTAL	23	92	50	79	82	51	50	33	36	42

MISSOURI REAL ESTATE MALPRACTICE INSURANCE

AVERAGE PAID CLAIM



AVERAGE PAID LOSS ADJUSTMENT EXPENSE



**TEN YEAR SUMMARY
&
1996 SUMMARY
BY
AREA OF REAL ESTATE**

**REAL ESTATE MALPRACTICE INSURANCE
INDEMNITY SUMMARY
FOR YEARS 1987 - 1996**

AREA OF REAL ESTATE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
AS AGENT TO PROCURE PURCHASE OF PROPERTY	237	78	47.56%	\$11,402	\$889,333	67.51%	\$3,578
NOT SPECIFIED	216	57	34.76%	\$4,678	\$266,620	20.24%	\$1,237
AS AGENT TO PROCURE PROPERTY TO PURCHASE	82	28	17.07%	\$5,662	\$158,545	12.03%	\$2,940
OTHER	3	1	0.61%	\$2,924	\$2,924	0.22%	\$6,802
TOTAL	538	164	100.00%	\$8,033	\$1,317,422	100.00%	\$2,559

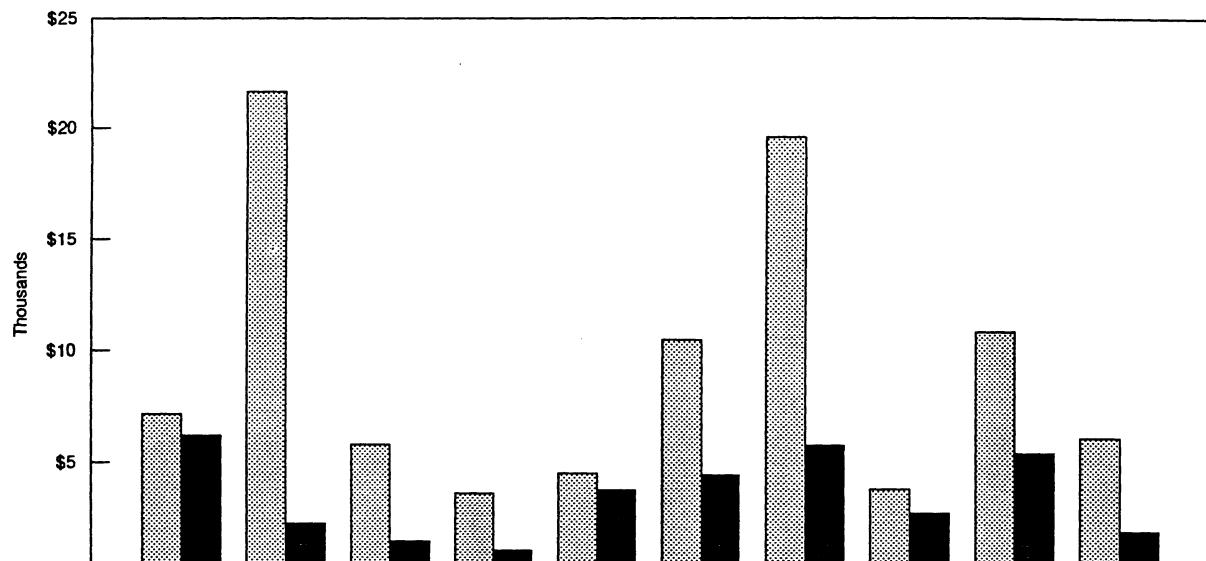
**REAL ESTATE MALPRACTICE INSURANCE
INDEMNITY SUMMARY
CLAIMS CLOSED IN 1996**

AREA OF REAL ESTATE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
AS AGENT TO PROCURE PURCHASE OF PROPERTY	37	7	87.50%	\$6,145	\$43,014	99.22%	\$1,942
AS AGENT TO PROCURE PROPERTY TO PURCHASE	5	1	12.50%	\$336	\$336	0.78%	\$67
TOTAL	42	8	100.00%	\$5,419	\$43,350	100.00%	\$1,719

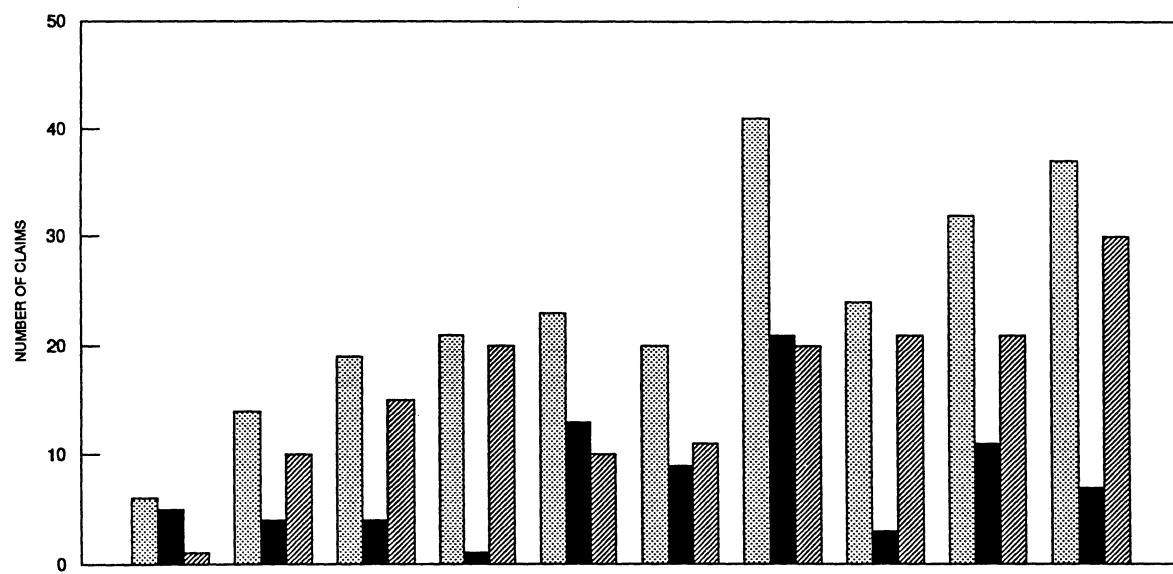
**AREA OF REAL ESTATE
TRENDS
OF
1996**

AS AGENT TO PROCURE PURCHASE OF PROPERTY

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



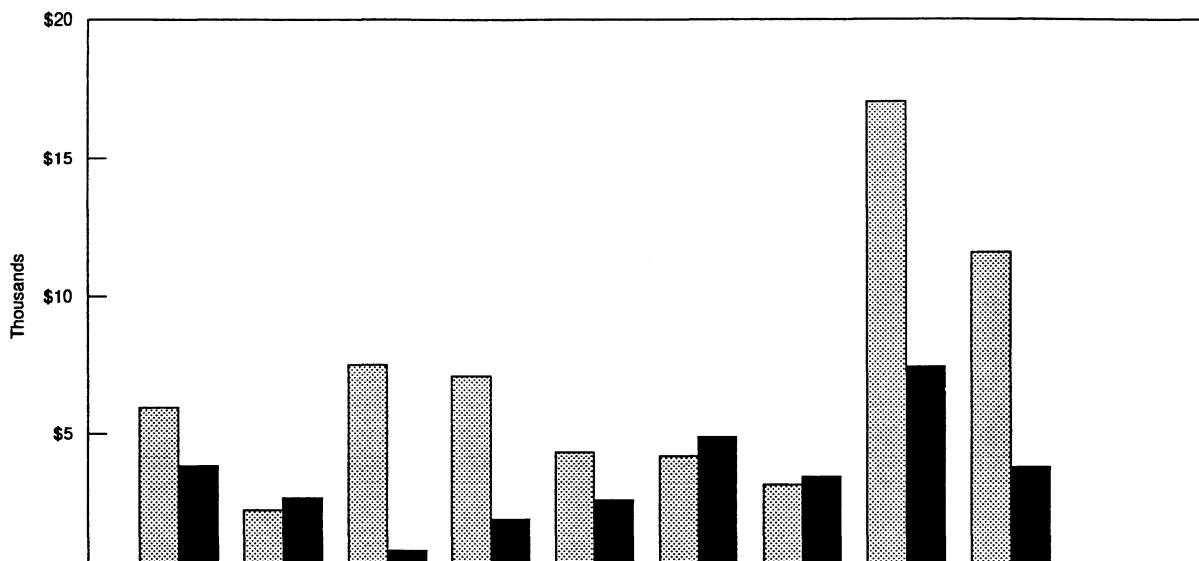
CLAIM COUNT



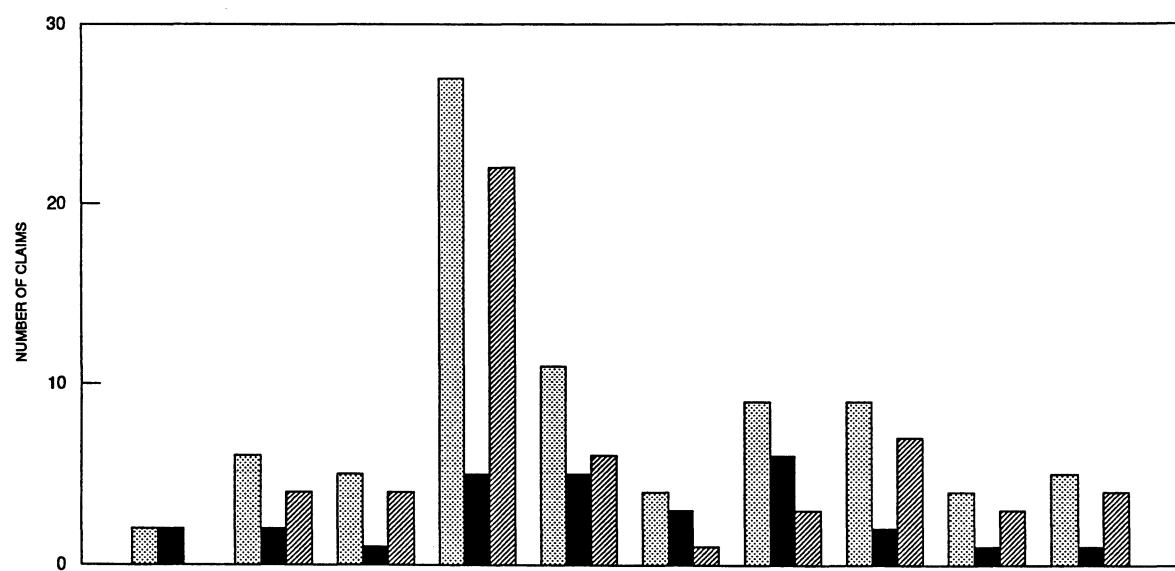
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
■ ALL CLAIMS	6	14	19	21	23	20	41	24	32	37
■ CLOSED WITH PAYMENT	5	4	4	1	13	9	21	3	11	7
■ CLOSED WITHOUT PAYMENT	1	10	15	20	10	11	20	21	21	30

AS AGENT TO PROCURE PROPERTY TO PURCHASE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
1996 SUMMARY
BY
MAJOR ACTIVITY**

**REAL ESTATE MALPRACTICE INSURANCE
INDEMNITY SUMMARY
FOR YEARS 1987 - 1996**

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
NOT SPECIFIED	216	57	34.76%	\$4,678	\$266,620	20.24%	\$1,237
LISTING THE PROPERTY FOR SALE	135	41	25.00%	\$11,524	\$472,479	35.86%	\$3,155
SHOWING PROPERTY	134	49	29.88%	\$9,554	\$468,139	35.53%	\$3,045
CLOSING AND TRANSFERRING TITLE	53	17	10.37%	\$6,481	\$110,184	8.36%	\$5,198
TOTAL	538	164	100.00%	\$8,033	\$1,317,422	100.00%	\$2,559

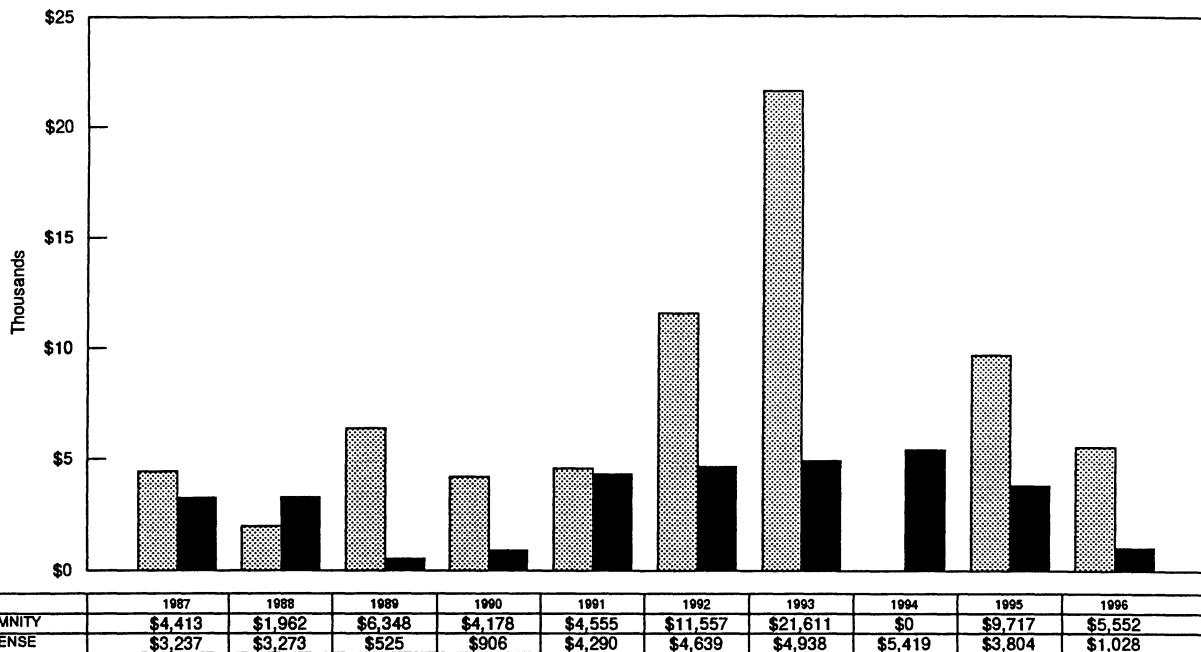
**REAL ESTATE MALPRACTICE INSURANCE
INDEMNITY SUMMARY
CLAIMS CLOSED IN 1996**

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
LISTING THE PROPERTY FOR SALE	20	2	25.00%	\$5,552	\$11,104	25.61%	\$1,028
SHOWING PROPERTY	14	5	62.50%	\$6,339	\$31,696	73.12%	\$3,689
CLOSING AND TRANSFERRING TITLE	8	1	12.50%	\$550	\$550	1.27%	\$0
TOTAL	42	8	100.00%	\$5,419	\$43,350	100.00%	\$1,719

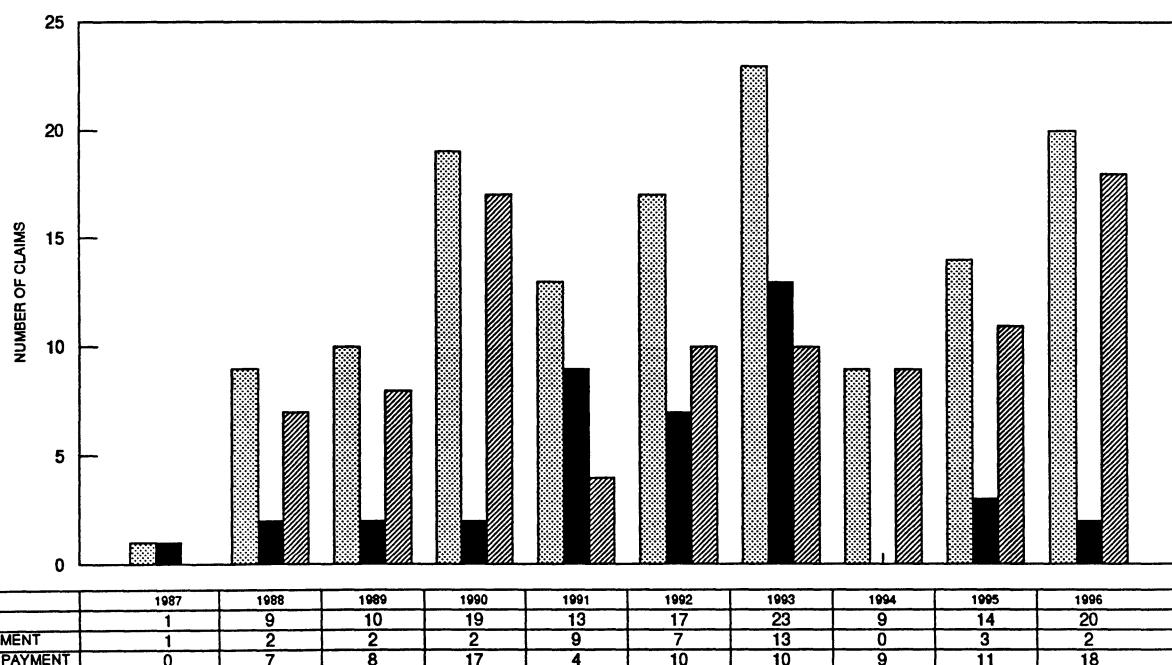
**MAJOR ACTIVITY
TRENDS
OF
1996**

LISTING THE PROPERTY FOR SALE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

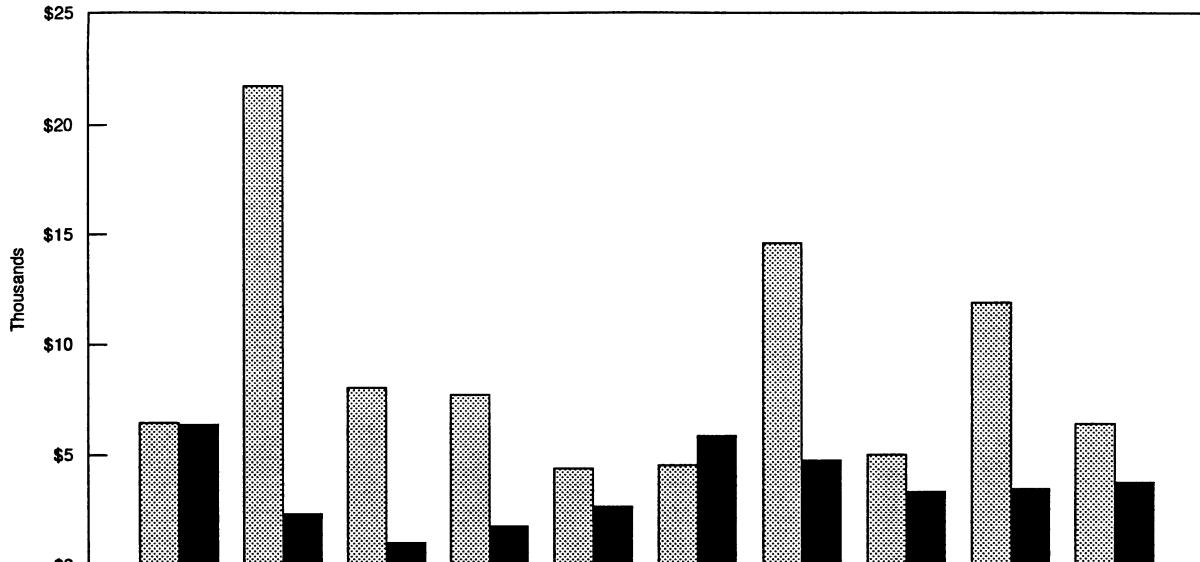


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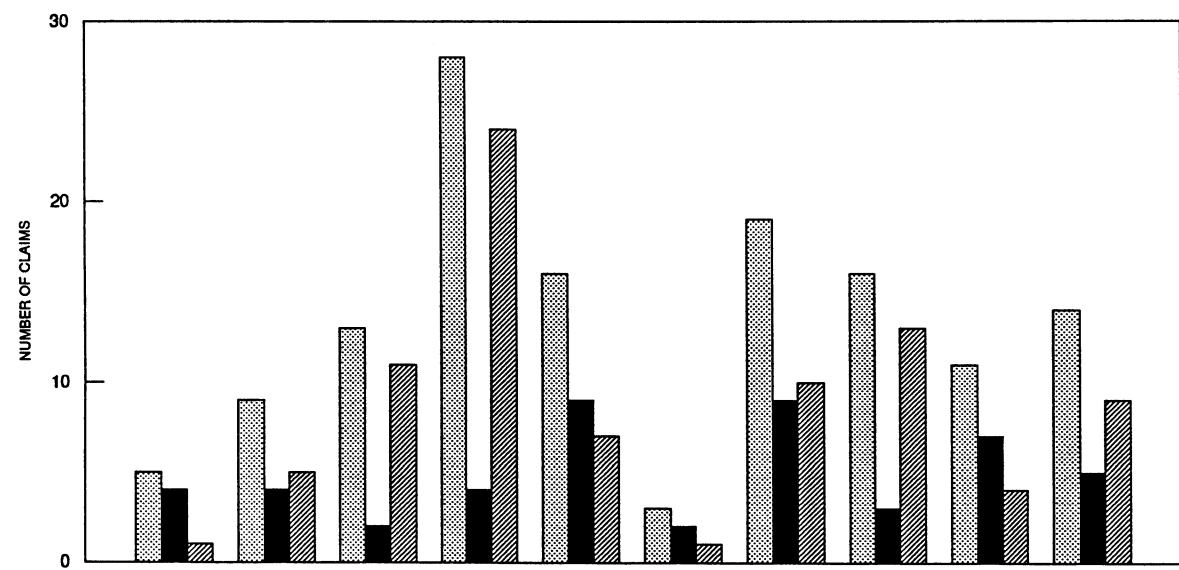


SHOWING PROPERTY

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

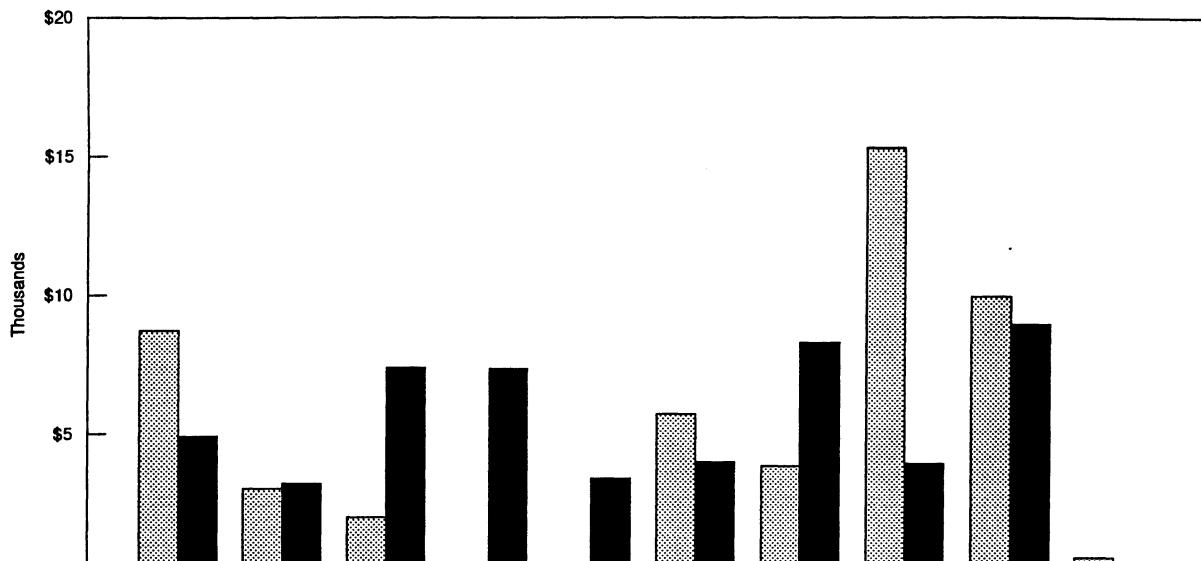


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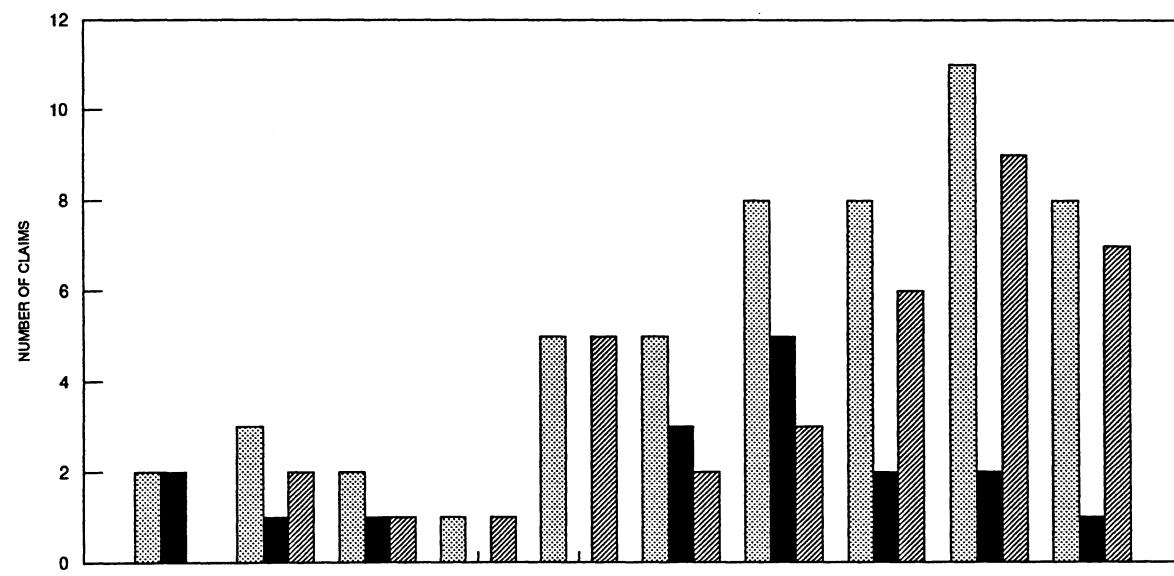


CLOSING AND TRANSFERRING TITLE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
1996 SUMMARY
BY
ALLEGED ERROR OR OMISSION**

**REAL ESTATE MALPRACTICE INSURANCE
INDEMNITY SUMMARY
FOR YEARS 1987 - 1996**

ALLEGED ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY	245	81	49.39%	\$10,556	\$855,076	64.91%	\$3,472
NOT SPECIFIED	217	58	35.37%	\$4,726	\$274,120	20.81%	\$1,252
OTHER	53	14	8.54%	\$8,517	\$119,236	9.05%	\$3,091
FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP	23	11	6.71%	\$6,272	\$68,990	5.24%	\$3,932
TOTAL	538	164	100.00%	\$8,033	\$1,317,422	100.00%	\$2,559

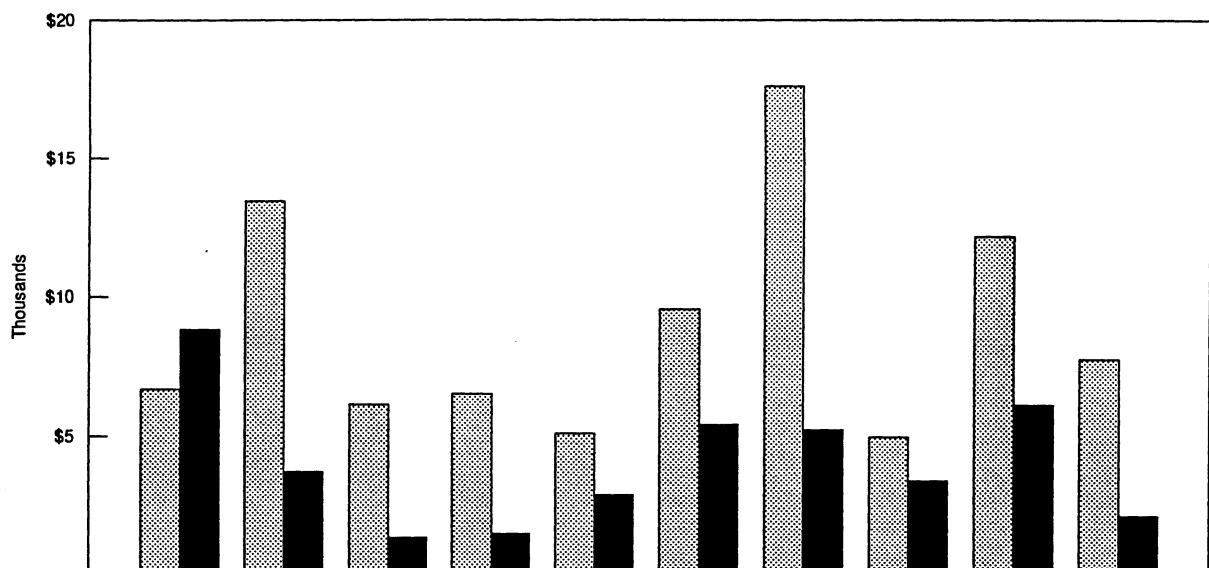
**REAL ESTATE MALPRACTICE INSURANCE
INDEMNITY SUMMARY
CLAIMS CLOSED IN 1996**

ALLEGED ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY	31	5	62.50%	\$7,773	\$38,864	89.65%	\$2,183
OTHER	7	2	25.00%	\$1,968	\$3,936	9.08%	\$482
FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP	4	1	12.50%	\$550	\$550	1.27%	\$288
TOTAL	42	8	100.00%	\$5,419	\$43,350	100.00%	\$1,719

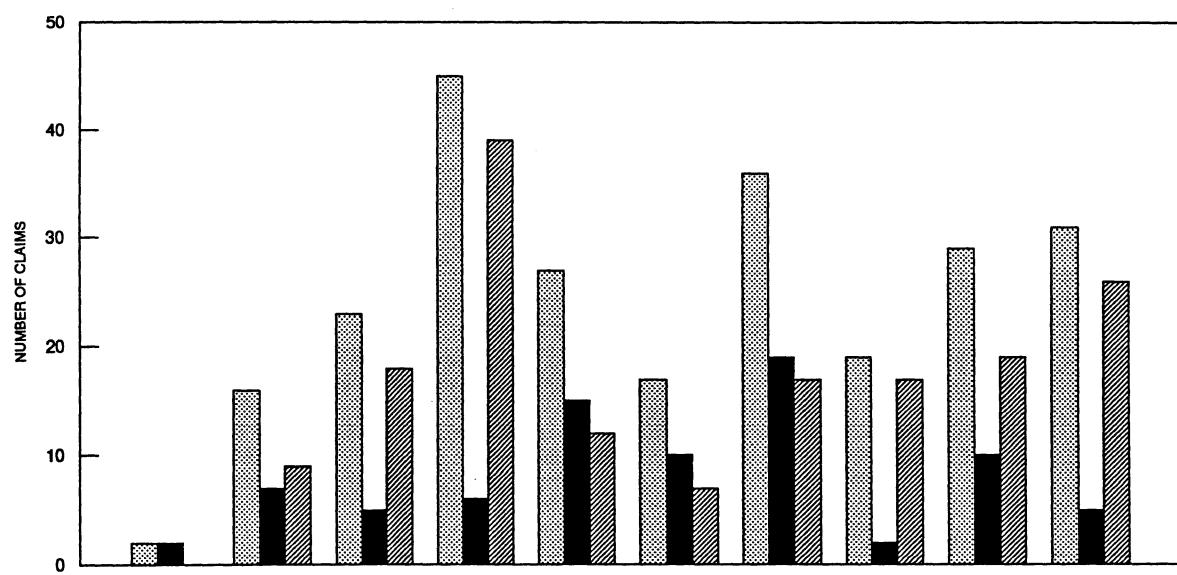
**ALLEGED ERROR OR OMISSION
TRENDS
OF
1996**

FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

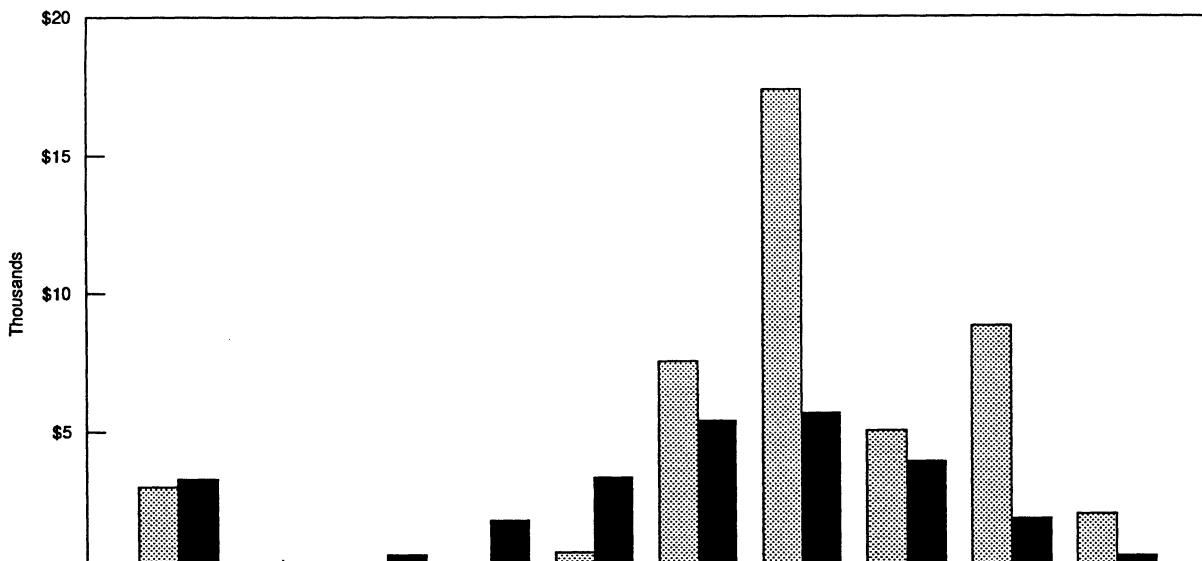


CLAIM COUNT

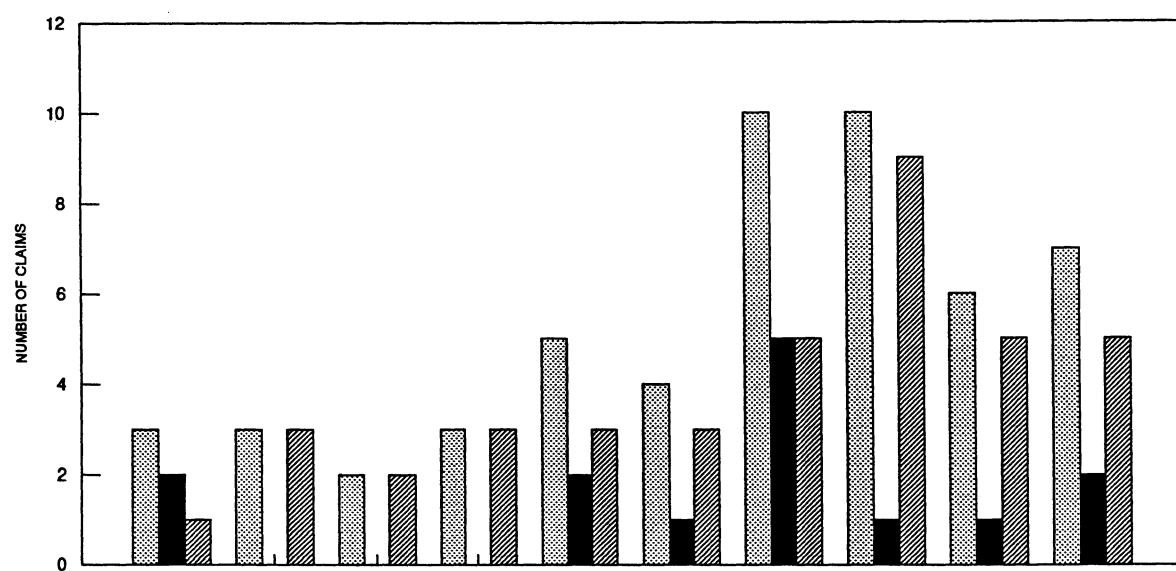


OTHER

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

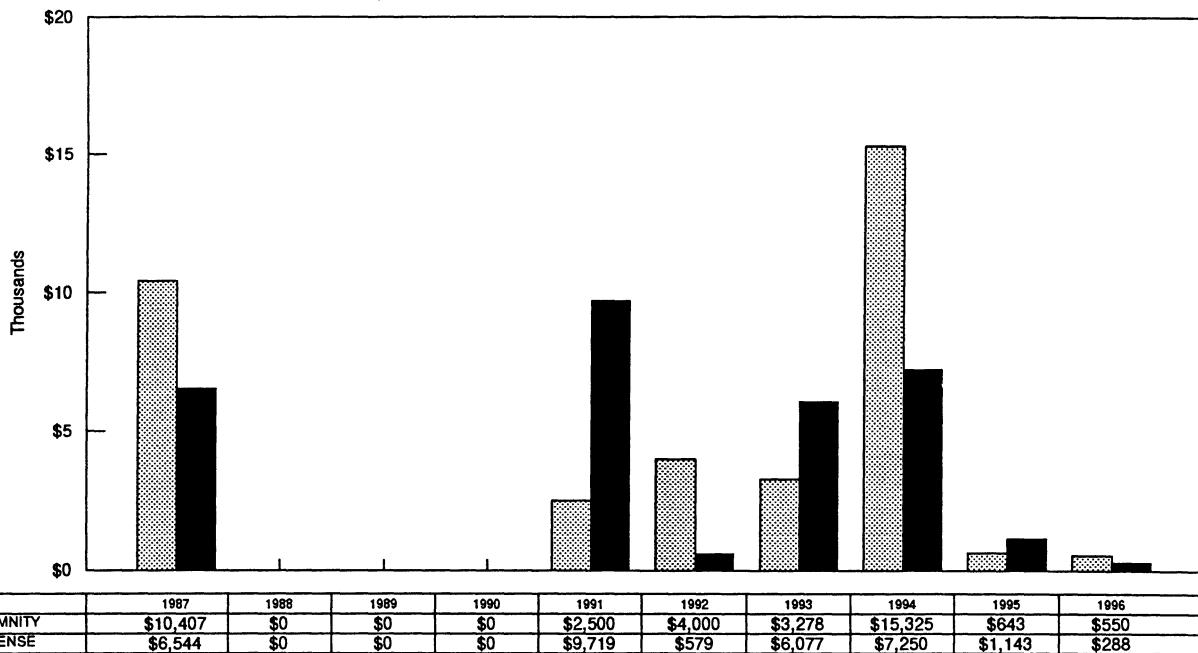


CLAIM COUNT

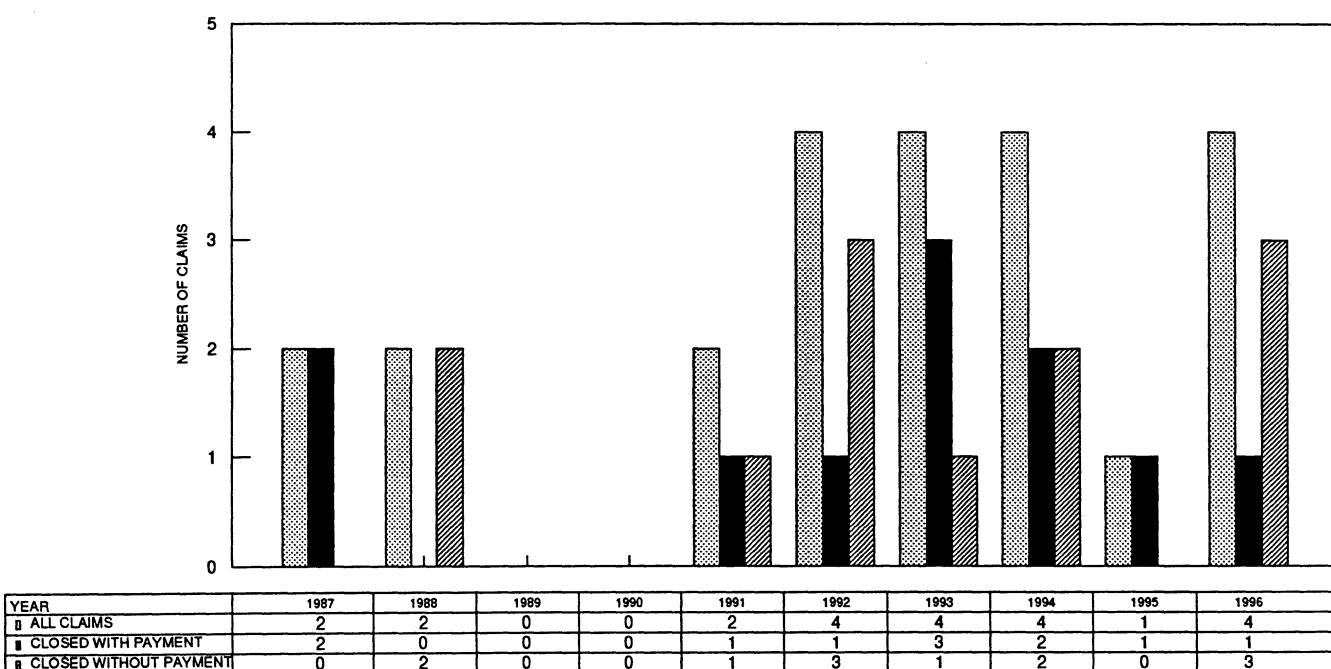


FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
1996 SUMMARY
BY
CLAIM DISPOSITION**

**REAL ESTATE MALPRACTICE INSURANCE
INDEMNITY SUMMARY
FOR YEARS 1987 - 1996**

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
NOT SPECIFIED	271	74	45.12%	\$5,074	\$375,449	28.50%	\$1,408
BEFORE TRIAL OR HEARING	111	71	43.29%	\$10,891	\$773,230	58.69%	\$5,298
CLAIM OR SUIT ABANDONED	81	2	1.22%	\$3,325	\$6,651	0.50%	\$974
BEFORE FILING SUIT OR DEMANDING HEARING	44	10	6.10%	\$7,473	\$74,730	5.67%	\$1,161
AFTER JUDGMENT, BEFORE APPEAL	16	0	0.00%	N/A	\$0	0.00%	\$9,750
DURING TRIAL OR HEARING	14	7	4.27%	\$12,480	\$87,362	6.63%	\$8,204
AFTER APPEAL	1	0	0.00%	N/A	\$0	0.00%	\$6,028
TOTAL	538	164	100.00%	\$8,033	\$1,317,422	100.00%	\$2,559

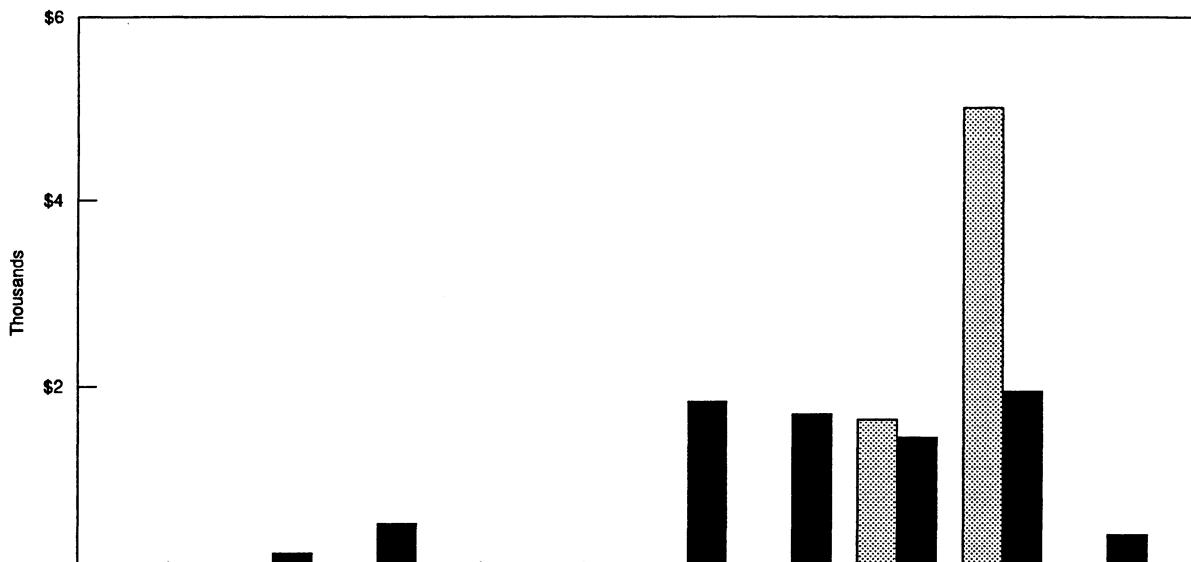
**REAL ESTATE MALPRACTICE INSURANCE
INDEMNITY SUMMARY
CLAIMS CLOSED IN 1996**

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLAIM OR SUIT ABANDONED	26	0	0.00%	N/A	\$0	0.00%	\$420
BEFORE FILING SUIT OR DEMANDING HEARING	6	3	37.50%	\$1,495	\$4,486	10.35%	\$157
BEFORE TRIAL OR HEARING	5	2	25.00%	\$7,325	\$14,650	33.79%	\$5,961
DURING TRIAL OR HEARING	5	3	37.50%	\$8,071	\$24,214	55.86%	\$6,103
TOTAL	42	8	100.00%	\$5,419	\$43,350	100.00%	\$1,719

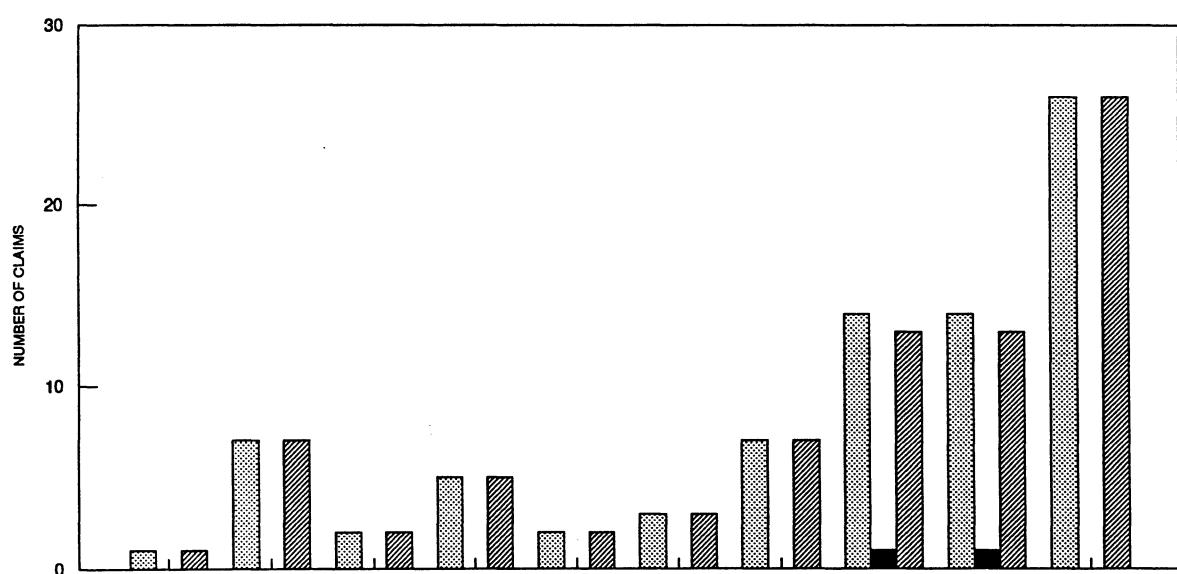
**CLAIM DISPOSITION
TRENDS
OF
1996**

CLAIM OR SUIT ABANDONED

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



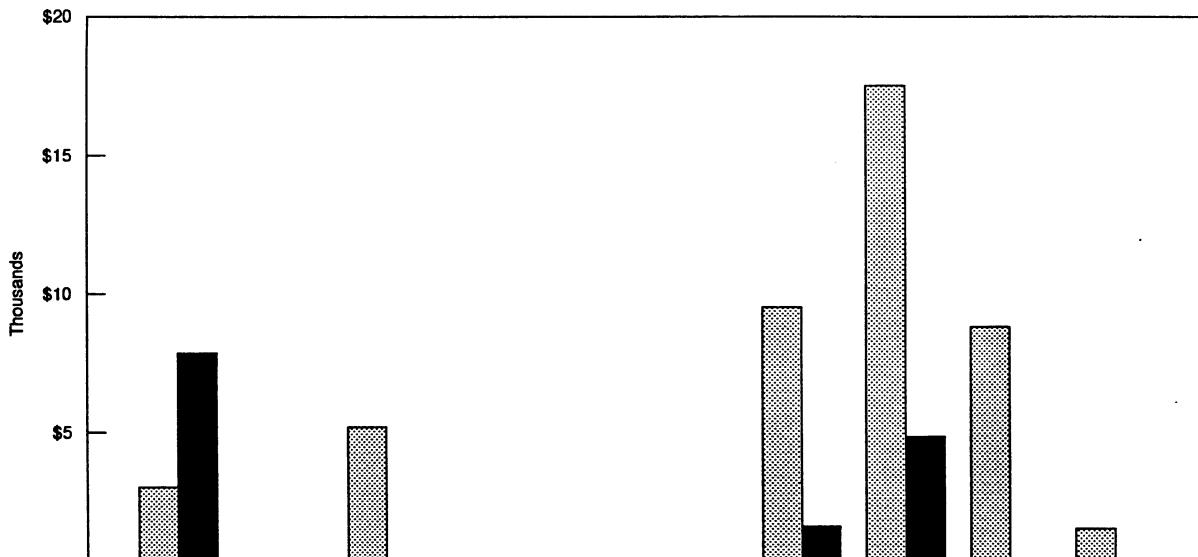
CLAIM COUNT



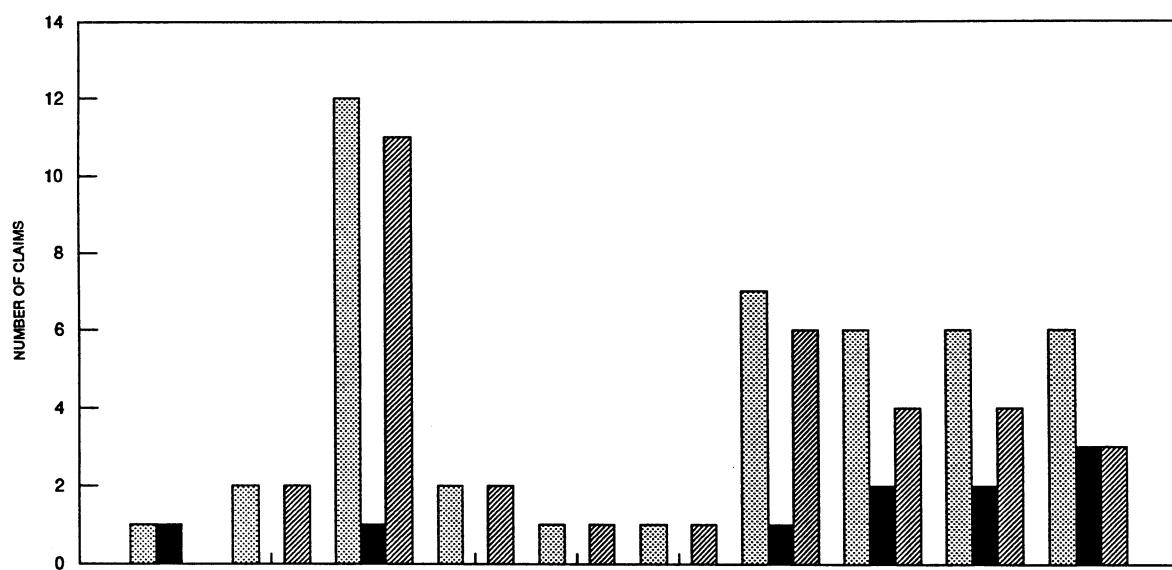
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
ALL CLAIMS	1	7	2	5	2	3	7	14	14	26
CLOSED WITH PAYMENT	0	0	0	0	0	0	0	1	1	0
CLOSED WITHOUT PAYMENT	1	7	2	5	2	3	7	13	13	26

BEFORE FILING SUIT OR DEMANDING HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

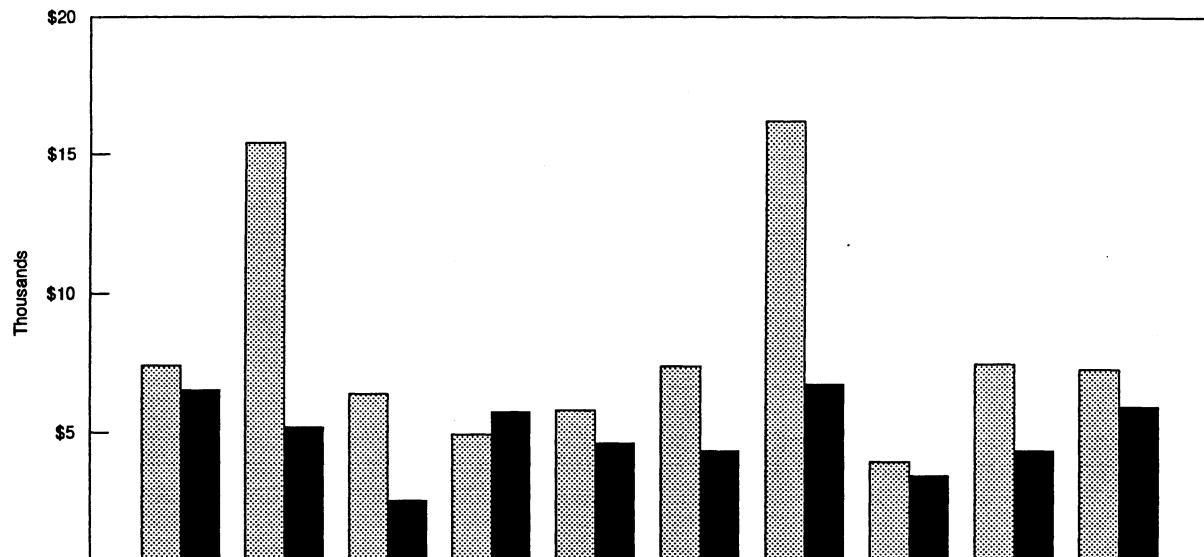


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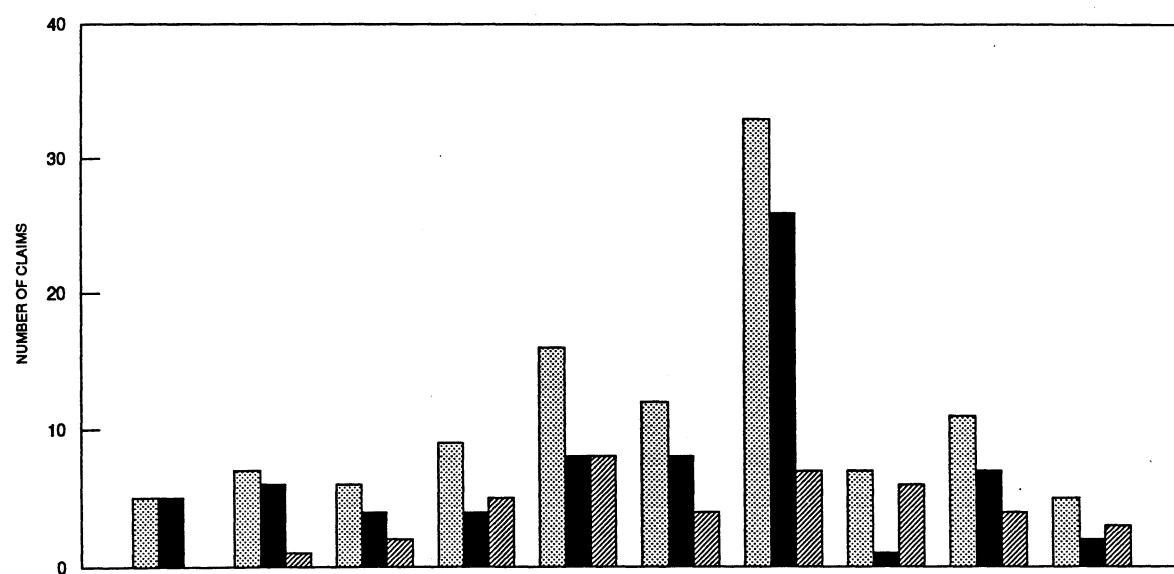


BEFORE TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

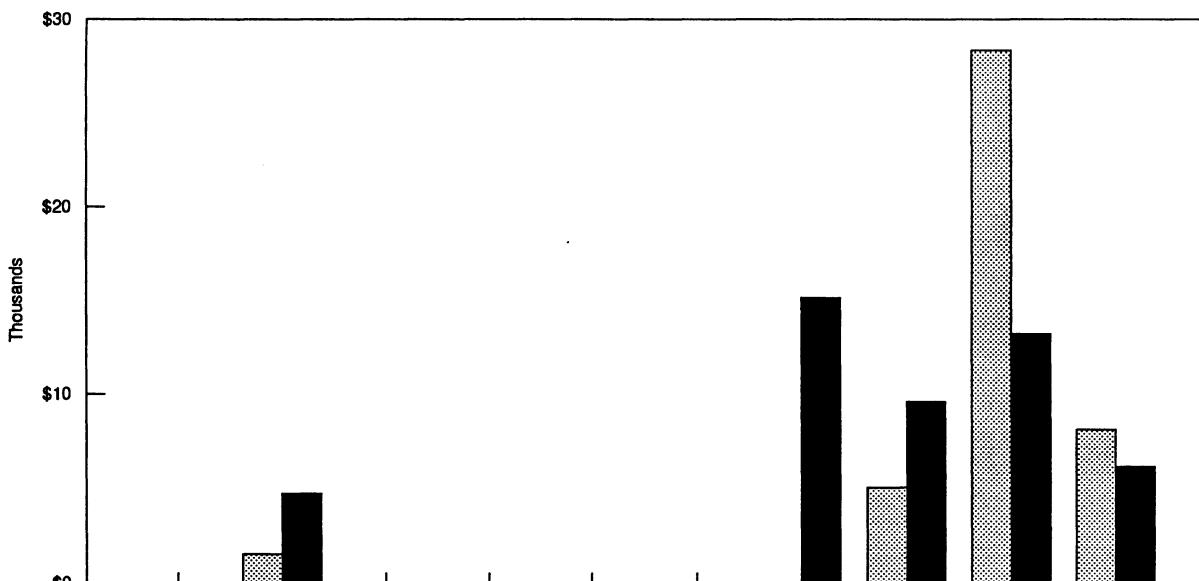


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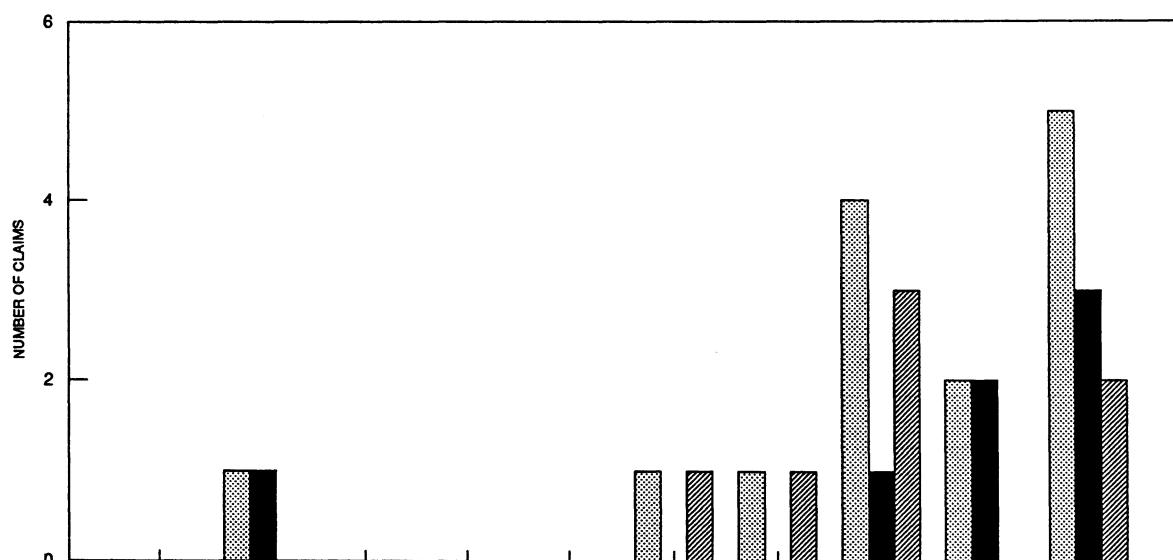


DURING TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
1996 SUMMARY
BY
YEARS ADMITTED TO PRACTICE**

**REAL ESTATE MALPRACTICE INSURANCE
INDEMNITY SUMMARY
FOR YEARS 1987 - 1996**

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
NOT SPECIFIED	251	76	46.34%	\$8,688	\$660,289	50.12%	\$1,768
OVER 10 YEARS	154	44	26.83%	\$7,845	\$345,189	26.20%	\$3,103
4 TO 10 YEARS	117	38	23.17%	\$7,638	\$290,247	22.03%	\$3,658
UNDER 4 YEARS	16	6	3.66%	\$3,616	\$21,697	1.65%	\$1,690
TOTAL	538	164	100.00%	\$8,033	\$1,317,422	100.00%	\$2,559

**REAL ESTATE MALPRACTICE INSURANCE
INDEMNITY SUMMARY
CLAIMS CLOSED IN 1996**

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
4 TO 10 YEARS	18	2	25.00%	\$443	\$886	2.04%	\$309
OVER 10 YEARS	18	3	37.50%	\$10,988	\$32,963	76.04%	\$2,678
UNDER 4 YEARS	5	2	25.00%	\$2,875	\$5,750	13.26%	\$1,685
NOT SPECIFIED	1	1	12.50%	\$3,751	\$3,751	8.65%	\$10,002
TOTAL	42	8	100.00%	\$5,419	\$43,350	100.00%	\$1,719

**TEN YEAR SUMMARY
&
1996 SUMMARY
BY
INSURED/CLAIMANT RELATIONSHIP**

**REAL ESTATE MALPRACTICE INSURANCE
INDEMNITY SUMMARY
FOR YEARS 1987 - 1996**

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT	223	76	46.34%	\$9,822	\$746,463	56.66%	\$3,373
NOT SPECIFIED	216	57	34.76%	\$4,678	\$266,620	20.24%	\$1,237
CONTRACTUAL RELATIONSHIP WITH CLAIMANT	99	31	18.90%	\$9,817	\$304,339	23.10%	\$3,609
TOTAL	538	164	100.00%	\$8,033	\$1,317,422	100.00%	\$2,559

**REAL ESTATE MALPRACTICE INSURANCE
INDEMNITY SUMMARY
CLAIMS CLOSED IN 1996**

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT	32	4	50.00%	\$6,439	\$25,754	59.41%	\$1,513
CONTRACTUAL RELATIONSHIP WITH CLAIMANT	10	4	50.00%	\$4,399	\$17,596	40.59%	\$2,379
TOTAL	42	8	100.00%	\$5,419	\$43,350	100.00%	\$1,719

**PREMIUM
AND
LOSS DATA**

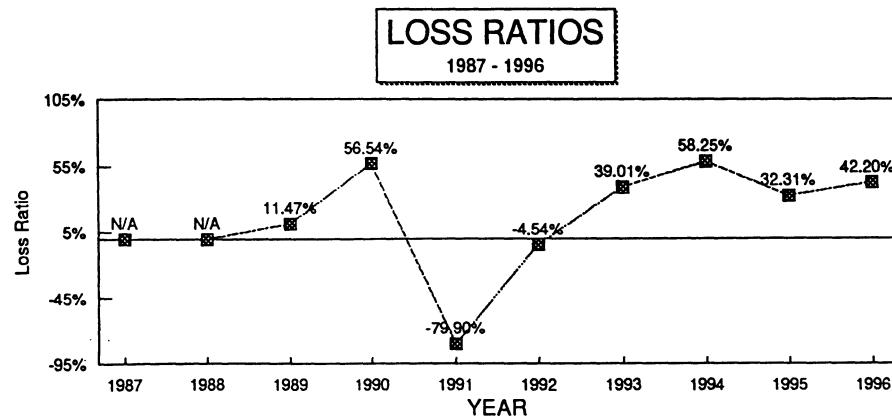
**PAGE 15 SUPPLEMENT REAL ESTATE MALPRACTICE EXPERIENCE
WITH MARKET SHARE**

1996 EXPERIENCE

NAIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
20443	Continental Casualty Company	62.272%	409,666	421,657	159,446	37.81%
39845	Employers Reinsurance Corporation	19.508%	128,334	191,833	51,911	27.06%
25658	Travelers Indemnity Company	10.215%	67,200	42,417	42,000	99.02%
24767	St Paul Fire & Marine Insurance Co	5.915%	38,915	16,648	43,513	261.37%
25895	United States Liability Insurance Co	0.869%	5,718	4,730	0	0.00%
20486	Transcontinental Insurance Company	0.446%	2,934	3,708	0	0.00%
35742	Acceleration National Ins Co	0.399%	2,622	2,622	(9,942)	-379.18%
20494	Transportation Insurance Company	0.185%	1,214	1,410	0	0.00%
20427	American Casualty Co of Reading PA	0.094%	618	618	0	0.00%
20478	National Fire Ins Co of Hartford	0.075%	494	565	0	0.00%
20508	Valley Forge Insurance Company	0.023%	154	46	0	0.00%
21318	Coregis Insurance Company	0.000%	0	308	3,115	1011.36%
21083	International Insurance Company	0.000%	0	0	(41)	N/A
19445	National Union Fire Ins Co of Pittsburgh	0.000%	0	0	(295)	N/A
Total		100.000%	657,869	686,562	289,707	42.20%

TEN YEAR SUMMARY

Year	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
1987	N/A	N/A	N/A	N/A
1988	N/A	N/A	N/A	N/A
1989	800,245	805,834	92,404	11.47%
1990	671,136	745,357	421,437	56.54%
1991	479,109	463,941	(370,701)	-79.90%
1992	215,703	193,117	(8,765)	-4.54%
1993	332,664	316,333	123,417	39.01%
1994	721,963	591,594	344,609	58.25%
1995	816,737	769,978	248,795	32.31%
1996	657,869	686,562	289,707	42.20%
10-Year Total		4,695,426	4,572,716	1,140,903
				24.95%



DEFINITION OF TERMS

Market Share: The dollar amount of direct premium written by an insurer divided by the total amount of direct premiums written industry-wide for the particular line of business being analyzed, expressed as a percentage.

Written Premium: Amount charged when a policyholder contracts for insurance coverage before reinsurance has been ceded and/or assumed.

Earned Premium: The part of premium attributable to the coverage already provided in a given period before reinsurance has been ceded and/or assumed.

Incurred Losses: The sum of direct losses paid plus an estimate at the close of the year of the amounts to be paid in the future for all claims arising from the current and all prior years, minus the corresponding estimate made at the close of business for the preceding year. Incurred losses reported include estimated amounts unpaid for incurred-but-not-reported (IBNR) claims.

Loss Ratio: The dollar amount of direct losses incurred divided by the dollar amount of premiums earned for the particular line of business being analyzed, expressed as a percentage. This is an accounting representation of the portion of each premium dollar which is needed to honor a company's promise to pay claims.